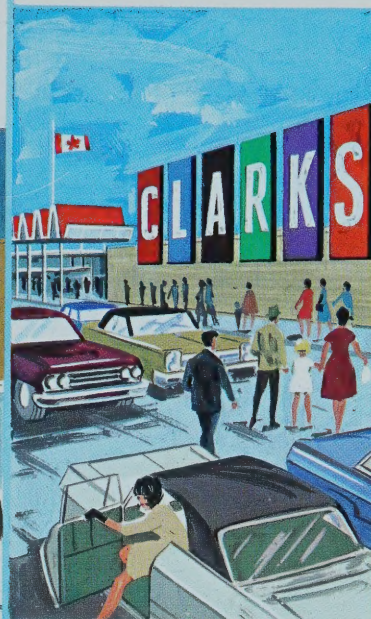
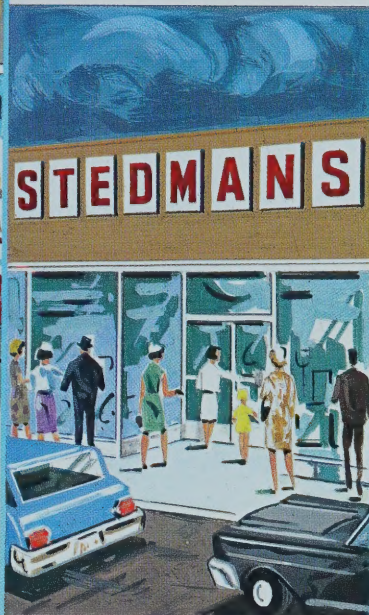


AR25



# Gamble Macleod Limited

ANNUAL REPORT

FOR THE THIRTEEN MONTHS ENDED JANUARY 31, 1965

(1964)





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JUN 11 1965

# GAMBLE MACLEOD LIMITED

1301 Ellice Avenue, Winnipeg 21, Manitoba

## DIRECTORS

J. B. CHEYNE

C. C. RAUGUST

\*B. F. DAVIDSON

B. F. RUTHERFORD

P. C. FIKKAN

\*J. W. TACKABERRY

B. C. GAMBLE

S. P. WOOLEVER

\*A. G. KIRKNESS

*\*Members of Executive Committee*

## OFFICERS

A. G. KIRKNESS, *President*

C. C. RAUGUST, *Vice-President*

J. B. CHEYNE, *Vice-President (Merchandising)*

J. W. TACKABERRY, *Vice-President (Finance and Control and Secretary)*

B. F. DAVIDSON, *Assistant Secretary*

B. F. RUTHERFORD, *President, Macleods*

S. P. WOOLEVER, *President, Stedmans*

## BUYING OFFICES

1301 Ellice Avenue, Winnipeg 21, Manitoba

136 Portland Street, Toronto 2B, Ontario

170 Dorchester East, Montreal, Quebec

## TRUSTEE

Macleod Stedman Limited  
6% Sinking Fund Debentures

MONTREAL TRUST COMPANY

WINNIPEG, MANITOBA - TORONTO, ONTARIO

Our Customers recognize these  
Symbols of Quality and Value...

CREST



HOMECOTE

WEST BEND

CORONADO

"HOME guard"

Lady Galt

Peterborough  
SHALER

Rose Mark

STANLEY

Big Fit



Powercrest

SOLARAY

ANSCO



SONY

Penmans

Van Wood



Sunbeam

MADE-RITE

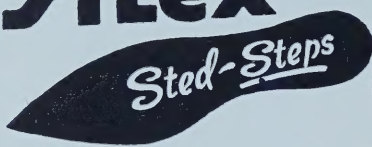
Lady HELEN



Radio Hambleton

SILEX

West Clox



Golia  
Savage

Black & Decker

DIWALT

DREAMLAND

SAMSON-DOMINION



JAX

FARMQUEST



Lucas

MODE O'DAY

Baby Bliss

Acadian

HI-CAPACITY

PARKHILL



Caldwell

argus

Tex made

Louane

Lady Beth



WINCHESTER

DUPONT

MOFFAT



Fleetwood

Toaster

VARCON

Hawatha

GOTHIC

PYREX

RISLONE

PRESTONE



## To Our Shareholders

The year 1964 was a period of extensive and significant changes in the organization and pattern of operation of your company. In July the name of Macleod's Limited was changed to Gamble Macleod Limited.

To consolidate operations in Canada, controlling interest in Stedman Bros. Limited; Clarks-Gamble of Canada Limited; and Growth Acceptance Corporation Limited was acquired from our parent company, Gamble-Skogmo Inc. or its United States subsidiaries. The outstanding shares of Macleod's Store Properties Limited were also acquired.

The name of Stedman Bros. Limited was changed to Macleod Stedman Limited and Macleods became an operating division of that company along with the Stedman division. More will be said later about both divisions.

The acquisition of these subsidiary companies was possible because of past retained earnings of your company and from the proceeds of financing completed during the year.

## Financial

Macleod Stedman Limited sold \$15,000,000 20 year 6% debentures to Canadian and United States institutions. Your company arranged other long term financing as shown on the accompanying statement.

The company redeemed 160,000 Cumulative Redeemable Participating First Preference Shares of a par value of \$20.00 each for \$21.00 per share. Prior to redemption two quarterly dividends of 30c per share were paid and an extra dividend of 80c per share in respect of 1963 operations was paid in May. At date of redemption an apportionate dividend of 10c per share was paid.

The company also redeemed outstanding debentures amounting to \$2,625,000 of which amount \$175,000 was redeemed through a sinking fund payment at par and the balance was redeemed at the principal amount together with a premium of 3.5%.

The fiscal year of the Company has been changed from December 31 to January 31. Ac-

cordingly, the accompanying consolidated statement of income includes the operations of the company and consolidated subsidiaries for the thirteen months ended January 31, 1965. The consolidated statement of income for the year ended December 31, 1963 presented for comparative purposes, has been appropriately revised to reflect retroactively the operations of consolidated subsidiaries.

## Investments

The investment in Growth Acceptance Corporation Limited is carried on the consolidated balance sheet at cost plus undistributed earnings since acquisition and applicable earnings have been included in consolidated net income. This is a wholly owned finance subsidiary formed in 1961 to provide funds for the time payment requirements of the merchandising companies. At January 31, 1965 contracts receivable amounted to \$10,580,814 an increase of \$2,150,532 or 25.5% from December, 1963.

The investment in Macleod's Store Properties Limited is carried on the consolidated balance sheet at cost. This is a wholly owned subsidiary organized in 1959 to acquire and develop store buildings and warehouse facilities for Macleods Division. At January 31, 1965 assets amounted to \$5,525,623 representing the book value of 42 retail store buildings, 2 warehouses, and Macleods home office building. First Mortgage Bonds amounting to \$960,000 were outstanding and in March, 1965 an additional \$2,700,000 First Mortgage Bonds were issued.

The accounts consolidated in the statements are largely those of the three merchandising operations, Clarks; Macleods; and Stedmans.

## Clarks

Clarks-Gamble of Canada Limited was organized in 1962 and opened two large discount department stores in Winnipeg in October of that year. The third store was opened in Brantford, Ontario in October, 1963. The fourth store, the third in Winnipeg, was opened in November, 1964.



Clarks stores quickly won strong customer support. Sales in total increased 61.9% for the year. The two Winnipeg stores that were in operation for the full years of 1963 and 1964 reported a sales increase of 29.1%.

Profits developed at a satisfactory level. During the year the large opening expenses of the new stores were absorbed.

A profit sharing retirement security program was introduced in the Clarks operation and the employees in that company are now included in the overall plan of Gamble Macleod Limited.

## **Macleods**

Macleods is now an autonomous division of Macleod Stedman Limited. Mr. B. F. Rutherford, formerly Vice-President and General Manager, is President of the division and is assisted by a seven man board of management. The home office and main distribution centre are in Winnipeg. The second warehouse is located in Edmonton, Alberta.

On January 31, 1965 Macleods name appeared on the store fronts of 220 general merchandise stores from Fort William, Ontario on the east to Prince George, British Columbia on the west. 77 stores are company-owned branches and 143 stores are owned by franchised dealers.

Macleods expansion plans moved ahead according to schedule with sales area during the year increased in branch and dealer stores by 252,000 square feet.

In 1964, eight new dealer stores were opened and, in addition, twenty-one dealer stores had major expansions. One new branch store was opened and major expansions were completed in nine company stores during the year. Branch and dealer store expansions planned for the current year will total 250,000 square feet of sales area.

The family shopping centre store concept was further developed during the year with the establishment of larger stores within the company. At Red Deer, Alberta a new store with 25,000 square feet of space replaced an old and smaller Macleods store. At Prince George,

British Columbia a new store with 20,000 square feet of space was built. These two stores exemplify the trend toward larger family shopping centre type stores from the smaller general merchandise store.

## **Macleods Development**

The company is moving ahead with the development of the Macleod store into the department store concept and the stores are properly known as "Family Shopping Centres", where all members of the family are catered to through our expanding merchandising assortments and lines. The company will continue its long practice of offering quality merchandise at substantial savings. In addition to softlines and the variety lines, strong emphasis is being placed on automotive departments and furniture and appliance department merchandising. During the year noticeable gains were registered in all departments.

During the year a strong, aggressive merchandising and sales promotion program was backed by numerous traffic-building fliers going into the great majority of homes in the trade territory. In addition, the company issued Spring and Fall catalogues supplemented throughout the year by newspaper, radio and television advertising. Designed to produce sales, these plans were effective and the sales increase for the thirteen month period was 8.1%.

Income from operations for the year continued at a high level and exceeded the previous comparable period by 17.5%.

Macleods will celebrate 50 years of service in Western Canada in 1967. Plans are now being formulated to enable customers throughout the trade territory to participate in outstanding values during the Golden Anniversary year.

The company contribution to the employee retirement security plan for the thirteen month period ended January 31, 1965 was \$404,451, bringing the total value of the fund to \$4,307,376.

Merchandise purchased from Canadian companies during 1964 was 94% of all goods purchased. This is in accordance with our plan of contributing to the Canadian economy to the greatest possible extent.



## Stedmans

Stedmans, with home office in Toronto, is the other autonomous division of Macleod Stedman Limited. Mr. S. P. Woolever, formerly president of Stedman Bros. Limited, is president of the division and he is assisted by an eight-man board of management.

Stedman Bros. Limited was organized in 1912 and operates variety type stores in all provinces of Canada. Stedmans at year end operated 145 company-owned stores and supplied merchandise to 194 stores owned by franchise dealers making a total of 339 stores operating in the Stedman group.

During the year seven stores were enlarged or moved to new locations, five new company-owned stores were opened or acquired and four new dealer stores were remodeled or enlarged.

The Stedman management put into action a decision previously made to enlarge their stores. The Ajax, Ontario store was moved to a new location and provided 20,000 square feet of space. In Prince George, British Columbia a new store with 20,000 square feet was opened. Plans for additional stores, up to 40,000 square feet in size, were carried forward, and these stores will become a reality in the fiscal year ending January 31, 1966.

Stedman sales for the thirteen month period ended January 31, 1965 increased 13.4%. During the same period income from operations increased 15.6%.

During the year improvements were made in the merchandise handling in the warehouse with beneficial effect on warehouse operating cost.

Stedman buyers again visited Hong Kong and Japan markets to secure good quality and favourably priced merchandise for which there is a good demand in the Stedman stores.

The credit program, begun a year earlier, continued to expand. Time payment sales increased approximately 300% during the period.

Merchandising lines were expanded in all stores. New lines were made available to some

stores, such as furniture, appliances and television sets and good customer support was experienced. The addition of these lines was made easy through the association with Macleods who have traditionally handled this type of merchandise.

A profit sharing retirement security program to replace the previous pension plan was introduced and the employees of Stedmans are now included in the overall plan of Gamble Macleod Limited. For the thirteen month period Stedmans contributed \$310,036 to the trust fund. Benefits accrued under the previous pension plan are being held as paid-up deferred annuities for the participants entitled to them.

## Gamble Macleod Services

While both Macleods and Stedmans are autonomous divisions of Macleod Stedman Limited, both share in benefits and services of companies in the Gamble Macleod Limited organization, such as, Macleod's Store Properties Limited and Growth Acceptance Limited. Benefits to both divisions and to Clarks-Gamble of Canada Limited are derived from the co-ordinated buying program, directed by Mr. J. B. Cheyne, Vice-President of Merchandising of Gamble Macleod Limited.

Gamble Macleod Limited and its subsidiaries is unique in that their organizational structure is such that duplication of office space and certain officers' salaries are eliminated. Services provided by Gamble Macleod Limited such as, credit handling and internal auditing are available to the merchandising companies and these companies share in the expenses and likewise in the benefits.

Contributions to the Gamble Macleod Retirement Security Plan for the account of eligible employees in all the companies in the group were \$714,487. The total value of the funds in the trust at February 1, 1965 was \$4,617,412. The assets of the trust fund consist of investments in Canadian enterprise.

## New Warehouses

During the year a study of Macleods warehouse and home office needs was completed. The major part of this study was detailed planning of merchandise storing, merchandise movement and equipment for handling in the warehouse. The study and planning made possible the decision to proceed with the erection of a new warehouse and office building for Macleods which is now under construction in Fort Garry, a suburb of Winnipeg. The building will be located on Gamble Place, off McGillivray Boulevard, between Pembina Highway and Waverley Street. The land and building will be owned by Macleod's Store Properties Limited and will be leased to the Macleod division.

Due to increased volume in Stedman stores, warehouse facilities became overtaxed and it became necessary to lease an additional 25,000 square feet away from the present warehouse. This took some pressure off the warehouse but it is not a permanent correction. Anticipating further sales increases, a study is under way to determine the feasibility of a new warehouse as opposed to enlarging the present building.

## General Comments

On June 22, Donald J. Wilkins, who had been a director of the company since 1958, resigned and

John B. Cheyne, Vice-President, Merchandising, was appointed a director to fill the vacancy on the board. On July 13 the number of directors was increased from seven to nine and Samuel P. Woolever, President of Stedmans, and Philip C. Fikkan, President of Marshall Wells of Canada Limited were appointed directors.

Notwithstanding the consolidation of interests and changes which have taken place during the past year it is the objective of management to maintain the identity of Macleods and Stedmans to the greatest possible extent. For 53 years Stedmans and for 48 years Macleods have built an enviable record and reputation which is of great value.

The company management extend appreciation to our thousands of suppliers, our many franchise dealers and to the officers and employees of all divisions and companies for their contribution to the success achieved during the year. We also express our appreciation to our customers for their continued support.

Indications are that the fiscal year ending January 31, 1966 will be one of very satisfactory growth. For the first three months consolidated sales of Gamble Macleod Limited and subsidiaries have increased 14.5%.

On behalf of the Board,



President.



## Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of Gamble Macleod Limited and subsidiaries as of January 31, 1965 and the statements of consolidated income and earned surplus for the thirteen months ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated income and earned surplus present fairly the financial position of the company at January 31, 1965 and the results of its operations for the thirteen months ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

In accordance with Section 101 of The Companies Act (Manitoba) and, as explained in Note 1 to the financial statements, we report that the net earnings of one of the non-consolidated wholly owned subsidiaries for the period from the date of the acquisition of the subsidiary to January 31, 1965 less the dividends paid have been added to the carrying value of the investment in the consolidated accounts and that the operations of the other non-consolidated wholly owned subsidiary resulted in a profit which has not been reflected in the consolidated accounts.

PEAT, MARWICK, MITCHELL & Co.  
*Chartered Accountants*

Winnipeg, Man.  
March 27, 1965.

# GAMBLE MACLEOD LIMITED AND SUBSIDIARIES

## Consolidated Balance Sheet

January 31, 1965

### ASSETS

#### CURRENT ASSETS:

|                                                                                                                       |                   |
|-----------------------------------------------------------------------------------------------------------------------|-------------------|
| Cash in bank and on hand.....                                                                                         | \$10,845,779      |
| Customer's charge and instalment accounts (less allowance for doubtful accounts and unearned interest \$868,109)..... | 3,489,328         |
| Inventories—valued at the lower of cost or market.....                                                                | 24,180,770        |
| Prepaid expenses.....                                                                                                 | 65,775            |
| Total current assets.....                                                                                             | <u>38,581,652</u> |

#### INVESTMENTS:

##### *Subsidiaries:*

|                                                                            |                  |
|----------------------------------------------------------------------------|------------------|
| Macleod's Store Properties Limited—at cost.....\$                          | 415,000          |
| Growth Acceptance Corporation Limited—at cost plus equity in earnings..... | 581,818          |
|                                                                            | <u>996,818</u>   |
| Other—at cost.....                                                         | <u>5,239,673</u> |
|                                                                            | 6,236,491        |

#### LAND, BUILDINGS, EQUIPMENT AND LEASEHOLD IMPROVEMENTS:

|                                                                                     |                |
|-------------------------------------------------------------------------------------|----------------|
| Buildings and equipment, at cost (less allowance for depreciation \$5,240,843)..... | 5,914,994      |
| Leasehold improvements, at cost less amortization.....                              | 602,176        |
| Land, at cost.....                                                                  | <u>875,576</u> |
|                                                                                     | 7,392,746      |

|                                                         |         |
|---------------------------------------------------------|---------|
| DEFERRED CHARGE—unamortized discount on debentures..... | 333,750 |
|---------------------------------------------------------|---------|

|                                                                        |                     |
|------------------------------------------------------------------------|---------------------|
| EXCESS OF COST OF SUBSIDIARIES OVER EQUITY ON DATE OF ACQUISITION..... | 9,017,158           |
|                                                                        | <u>\$61,561,797</u> |



## LIABILITIES

### CURRENT LIABILITIES:

|                                                                   |                   |
|-------------------------------------------------------------------|-------------------|
| Accounts payable and accrued liabilities.....                     | \$ 7,094,026      |
| Provision for contribution to retirement security plan trust..... | 706,175           |
| Provision for income taxes.....                                   | 3,043,726         |
| Portion of long-term debt due within one year.....                | 2,056,375         |
| Total current liabilities.....                                    | <u>12,900,302</u> |

5% PROMISSORY NOTE (secured)—Canadian equivalent of \$13,900,000  
U.S. (Note 3).....\$15,029,375

|                                                               |                   |            |
|---------------------------------------------------------------|-------------------|------------|
| MORTGAGE PAYABLE.....                                         | 10,000            |            |
|                                                               | <u>15,039,375</u> |            |
| Less payments due within one year.....                        | 2,056,375         |            |
|                                                               | <u>12,983,000</u> |            |
| 6% SINKING FUND DEBENTURES (Note 4).....                      | <u>15,000,000</u> | 27,983,000 |
| MINORITY INTEREST IN CAPITAL AND SURPLUS OF SUBSIDIARIES..... |                   | 463,487    |

### SHAREHOLDERS' EQUITY:

|                                                                       |                   |                     |
|-----------------------------------------------------------------------|-------------------|---------------------|
| Common shares (Note 5):                                               |                   |                     |
| Class "A" non-voting shares without nominal or par value.             |                   |                     |
| Authorized 740,000 shares; issued and outstanding 290,000 shares..... | 72,500            |                     |
| Class "B" shares without nominal or par value. Authorized             |                   |                     |
| 10,000 shares; issued and outstanding 10,000 shares.....              | 2,500             |                     |
| Consolidated earned surplus.....                                      | <u>20,140,008</u> | 20,215,008          |
|                                                                       |                   | <u>\$61,561,797</u> |

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

A. G. KIRKNESS, *Director*

C. C. RAUGUST, *Director*

# GAMBLE MACLEOD LIMITED AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

January 31, 1965

1. These financial statements represent a consolidation of the accounts of the parent company, Gamble Macleod Limited, and those of all subsidiary companies except Growth Acceptance Corporation Limited, a wholly owned finance company, and Macleod's Store Properties Limited, a wholly owned property company, which are excluded because their operations are not in the merchandising field. The net earnings of Growth Acceptance Corporation Limited for the period from July 1, 1964, the date of acquisition by Gamble Macleod Limited, to January 31, 1965 of \$22,801, less the dividends paid of \$20,000, have been added to the carrying value of the investment in the consolidated accounts. The operations of Macleod's Store Properties Limited for the thirteen months ended January 31, 1965 resulted in a profit of \$78,068 which has not been reflected in the consolidated accounts.

2. The consolidated income statement includes an amount of \$192,178 representing the profit, less applicable income tax, on the sale of certain properties to Macleod's Store Properties Limited, a non-consolidated subsidiary. From the viewpoint of the group as a whole, this profit has not been realized.

3. The promissory note is payable as follows:

|               |             |
|---------------|-------------|
| 1965—U.S..... | \$1,900,000 |
| 1966—U.S..... | 2,000,000   |
| 1967—U.S..... | 2,000,000   |
| 1968—U.S..... | 2,000,000   |
| 1969—U.S..... | 6,000,000   |

4. The 6% sinking fund debentures are redeemable at the option of the company at per-

centages ranging from 106.00% in 1965 to 100.30% in 1984 and are redeemable for mandatory sinking fund requirements at the principal amount plus accrued interest. The company will undertake to establish a sinking fund for the debentures by paying to the trustee a sum sufficient to retire \$1,000,000 principal amount of debentures each year from July 15, 1970 to July 15, 1983 inclusive. The conditions attaching to the 6% sinking fund debentures impose certain restrictions on the bulk sale of the business, the incurring of rental obligations, the pledging of fixed assets, the creating of additional funded obligations, and the payment of dividends.

5. During the period the company redeemed 160,000 cumulative redeemable participating first preference shares of a par value of \$20 each for \$21 per share. Under supplementary letters patent the company exchanged 300,000 common shares without nominal or par value for 290,000 shares of Common Stock Class "A" without nominal or par value and 10,000 shares of Common Stock Class "B" without nominal or par value.

6. The net tangible asset value of the companies' investment of \$6,723,277 in Marshall Wells of Canada Limited and Marshall Wells Investments Limited as at January 31, 1965 exceeded the amount of the companies' investment by \$1,577,027. During the thirteen months ended January 31, 1965 the consolidated net earnings of Marshall Wells of Canada Limited and Marshall Wells Investments Limited exceeded the dividends received from these companies by \$572,572.



# GAMBLE MACLEOD LIMITED AND CONSOLIDATED SUBSIDIARIES

## Consolidated Statements of Income

|                                                                                          | Thirteen Months<br>Ended<br>January 31<br>1965 | Twelve Months<br>Ended<br>December 31,<br>1963 |
|------------------------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------|
| OPERATING INCOME BEFORE CHARGING THE UNDERNOTED EXPENSES . . . .                         | \$13,950,915                                   | \$11,186,711                                   |
| DEDUCT:                                                                                  |                                                |                                                |
| Executive officers' remuneration . . . . .                                               | 197,554                                        | 175,442                                        |
| Legal expenses . . . . .                                                                 | 31,867                                         | 14,183                                         |
| Depreciation . . . . .                                                                   | 959,825                                        | 825,723                                        |
| Amortization of leasehold improvements . . . . .                                         | 68,135                                         | 51,447                                         |
|                                                                                          | <u>1,257,381</u>                               | <u>1,066,795</u>                               |
| OPERATING INCOME . . . . .                                                               | 12,693,534                                     | 10,119,916                                     |
| OTHER INCOME:                                                                            |                                                |                                                |
| Dividends . . . . .                                                                      | 171,375                                        | 1,510,325                                      |
| Interest earned . . . . .                                                                | 313,268                                        | 67,010                                         |
| Equity in profits of Growth Acceptance Corporation Limited . . . . .                     | 2,801                                          | . . . .                                        |
| Profit on sale of fixed assets . . . . .                                                 | 375,967                                        | 381                                            |
|                                                                                          | <u>863,411</u>                                 | <u>1,577,716</u>                               |
|                                                                                          | 13,556,945                                     | 11,697,632                                     |
| OTHER DEDUCTIONS:                                                                        |                                                |                                                |
| Provision for bonuses . . . . .                                                          | 944,424                                        | 692,148                                        |
| Provision for retirement security plan contribution . . . . .                            | 546,056                                        | 427,782                                        |
| Interest on long-term debt . . . . .                                                     | 1,033,436                                      | 161,438                                        |
| Other interest . . . . .                                                                 | 71,121                                         | . . . .                                        |
| Miscellaneous . . . . .                                                                  | 218,228                                        | 92,099                                         |
|                                                                                          | <u>2,813,265</u>                               | <u>1,373,467</u>                               |
| INCOME BEFORE INCOME TAXES . . . . .                                                     | 10,743,680                                     | 10,324,165                                     |
| INCOME TAXES . . . . .                                                                   | 5,521,246                                      | 4,559,434                                      |
|                                                                                          | <u>5,222,434</u>                               | <u>5,764,731</u>                               |
| DEDUCT:                                                                                  |                                                |                                                |
| Portion of earnings of subsidiary applicable to<br>period prior to acquisition . . . . . | 562,694                                        | . . . .                                        |
| Minority interest in earnings of subsidiaries . . . . .                                  | 170,147                                        | . . . .                                        |
|                                                                                          | <u>732,841</u>                                 | <u>. . . .</u>                                 |
| NET INCOME . . . . .                                                                     | <u>\$ 4,489,593</u>                            | <u>\$ 5,764,731</u>                            |

*See Accompanying Notes to Consolidated Financial Statements.*

## Statement of Consolidated Earned Surplus

For the thirteen months ended January 31, 1965

|                                                                     |                     |
|---------------------------------------------------------------------|---------------------|
| AMOUNT AT DECEMBER 31, 1963 . . . . .                               | \$16,832,415        |
| NET INCOME FOR THIRTEEN MONTHS . . . . .                            | <u>4,489,593</u>    |
|                                                                     | 21,322,008          |
| DEDUCT:                                                             |                     |
| Premium on redemption of preferred shares . . . . .                 | \$ 160,000          |
| Income tax on premium on redemption of preferred shares . . . . .   | 32,000              |
| Dividends paid:                                                     |                     |
| Preferred (including participating dividend of \$128,000) . . . . . | 240,000             |
| Class "A" common shares—\$2.50 per share . . . . .                  | 725,000             |
| Class "B" common shares—\$2.50 per share . . . . .                  | <u>25,000</u>       |
|                                                                     | 1,182,000           |
| AMOUNT AT JANUARY 31, 1965 . . . . .                                | <u>\$20,140,008</u> |

*See Accompanying Notes to Financial Statements.*

# GAMBLE MACLEOD LIMITED AND CONSOLIDATED SUBSIDIARIES

## 10 Year Comparison

|                                 | 1965 <sup>(1)</sup>       | 1963         | 1962         |
|---------------------------------|---------------------------|--------------|--------------|
| SALES.....                      | \$107,241,259             | \$88,849,994 | \$78,532,994 |
| INCOME FROM OPERATIONS.....     | 9,460,696                 | 8,813,840    | 8,358,028    |
| INCOME FROM INVESTMENTS.....    | 174,176                   | 1,510,325    | 44,775       |
| CAPITAL GAINS.....              | 375,967                   | —            | —            |
| INCOME BEFORE INCOME TAXES..... | 10,010,839                | 10,324,165   | 8,402,803    |
| INCOME TAXES.....               | 5,521,246                 | 4,559,434    | 4,350,661    |
| NET INCOME.....                 | 4,489,593 <sup>(2)</sup>  | 5,764,731    | 4,052,142    |
| WORKING CAPITAL.....            | 25,681,350                | 25,735,737   | 22,597,030   |
| FUNDED DEBT.....                | 27,983,000                | 2,625,000    | 2,800,000    |
| SHAREHOLDERS' EQUITY.....       | 20,215,008 <sup>(3)</sup> | 36,448,737   | 31,096,470   |
| DIVIDENDS PAID                  |                           |              |              |
| To Preferred Shareholders.....  | 240,000                   | 254,400      | 249,600      |
| To Common Shareholders.....     | 750,000                   | 458,064      | 610,752      |
| FUNDS RETAINED IN THE BUSINESS  |                           |              |              |
| Income Retained.....            | 3,499,593                 | 5,052,267    | 3,191,790    |
| Depreciation.....               | 1,026,842                 | 875,984      | 705,080      |
|                                 | 4,526,435                 | 5,928,251    | 3,896,870    |
| VALUE OF EMPLOYEES RETIREMENT   |                           |              |              |
| SECURITY PLAN TRUST FUND.....   | 4,617,412                 | 3,443,095    | 2,793,128    |
| NUMBER OF EMPLOYEES.....        | 3,132                     | 3,013        | 2,760        |
| NUMBER OF STORES                |                           |              |              |
| Company Owned.....              | 226                       | 218          | 212          |
| Dealer Owned.....               | 337                       | 336          | 320          |
|                                 | 563                       | 554          | 532          |

NOTE 1—The year 1965 reflects the change in accounting period for Gamble Macleod Limited from a calendar year to a fiscal year ending January 31, and indicates the financial results of the Company and its consolidated subsidiaries for the thirteen months ended January 31, 1965.

NOTE 2—The net income \$4,489,593 for the thirteen months ended January 31, 1965 is after deducting an amount of \$732,841 being a portion of the earnings of a subsidiary applicable to a period prior to acquisition and minority



| 1961         | 1960         | 1959         | 1958         | 1957         | 1956         | 1955         |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| \$68,642,034 | \$65,621,970 | \$62,653,170 | \$56,232,094 | \$49,170,063 | \$43,898,631 | \$37,321,864 |
| 7,168,938    | 6,925,785    | 6,924,092    | 6,761,855    | 5,774,362    | 5,168,975    | 4,317,800    |
| 249,575      | 344,775      | 444,887      | 219,453      | 54,660       | 22,500       | 21,200       |
| (2,000)      | 3,063        | 392,785      | 5,720        | 101,913      | 11,398       | 41,559       |
| 7,416,513    | 7,273,623    | 7,761,764    | 6,987,028    | 5,930,935    | 5,202,873    | 4,380,559    |
| 3,631,904    | 3,539,614    | 3,514,513    | 3,196,106    | 2,730,586    | 2,412,249    | 2,009,903    |
| 3,784,609    | 3,734,009    | 4,247,251    | 3,790,922    | 3,200,349    | 2,790,624    | 2,370,656    |
| 19,637,255   | 16,843,678   | 15,140,999   | 12,656,839   | 15,022,289   | 12,963,694   | 11,140,040   |
| 2,975,000    | 3,150,000    | 3,325,000    | 3,500,000    | —            | —            | —            |
| 27,293,680   | 24,279,410   | 21,293,203   | 17,790,554   | 25,751,786   | 16,965,448   | 14,581,992   |
| 251,200      | 259,200      | 256,000      | 271,553      | 166,126      | —            | —            |
| 519,139      | 488,602      | 488,602      | 8,288,602    | 447,885      | 407,168      | 427,526      |
| 3,014,270    | 2,986,207    | 3,502,649    | (4,769,233)  | 2,586,338    | 2,383,456    | 1,943,130    |
| 648,763      | 634,834      | 571,825      | 504,455      | 441,710      | 382,911      | 303,985      |
| 3,663,033    | 3,621,041    | 4,074,474    | (4,264,778)  | 3,028,048    | 2,766,367    | 2,247,115    |
| 2,349,384    | 1,821,746    | 1,427,145    | 1,190,262    | 893,117      | 647,391      | 509,882      |
| 2,362        | 2,255        | 2,172        | 2,048        | 1,948        | 1,901        | 1,866        |
| 201          | 192          | 189          | 179          | 172          | 168          | 165          |
| 324          | 312          | 305          | 287          | 268          | 256          | 242          |
| 525          | 504          | 494          | 466          | 440          | 424          | 407          |

interests in profits of the subsidiaries. No provision for minority interests in profits of the subsidiaries has been reflected for the years 1955 to 1963.

NOTE 3—The Shareholders' Equity of \$20,215,008 at January 31, 1965 is after elimination therefrom of the equity purchased in the consolidated subsidiaries.

*Gamble Macleod Limited*